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IN THE

Supreme Court of the United States

October Term, 1961.

No. 726

JOHN M. SHUBIN and PETER S. SHUBIN,
Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,
Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit, Brief for S. Vincen Bowles, Inc., Respondent, in Opposition.

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Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit, Brief for S. Vincen Bowles, Inc., Respondent, in Opposition.

Opinions Below.

The opinion in the District Court was given orally on September 18, 1961, at the conclusion of the hearing of the motions sought to be reviewed here. A certified transcript of the hearing, including the District Court's opinion, was before the Court of Appeals in the form of an Appendix to Respondent's Answer and Brief in Opposition to Petition for Writ of Mandamus. Said Appendix, including the opinion of the District Court, is printed in an Appendix to this Brief, pages 5-17.

The Court of Appeals opinion is reported at ..... F. 2d ..... 132 U. S. P. Q. 122, and appears in Petitioners' Appendix here.

Jurisdiction.

The jurisdictional requisites are adequately set forth in the Petition.

Questions Presented.

We disagree with Petitioners' framing of the questions presented by the Petition and submit our version as follows:

1. Where a patentee threatens an equity suit to enjoin continued manufacture of devices such as had been manufactured prior to issuance of his patent; and where the threatened manufacturer seeks a declaratory judgment of non-infringement and invalidity of the patent; and where the patentee answers, admitting the controversy, traversing the allegations of non-infringement and invalidity, and counter-claims in equity for an injunction and accounting, may the patentee-defendant by timely demand compel a jury trial of all or any of the issues thus raised?

2. In the above circumstances, after a reply to the original counterclaim is filed, does the trial court abuse its discretion in refusing the patentee leave to file an amended counterclaim for damages at law when the sole purpose of such proposed amendment is to compel a jury trial, and where the patentee had admitted that no infringement had in fact taken place since the issue of the patent?

3. Assuming trial court error as to (1) or (2) above, is such error one requiring the extraordinary remedy of mandamus, since the patentee is adequately protected by its unimpaired right to appeal?

Constitutional Provision and Statutes Involved.

The Seventh Amendment to the Constitution of the United States, 28 U. S. C. §§1651, 2072 (Federal Rules of Civil Procedure, 15, 28, 30 and 57), 2201, and 35 U. S. C. §281, all correctly set forth in the Appendix to the Petition, are involved in this matter. We believe that, except for the foregoing, the other statutes and rules cited by Petitioners are unnecessary to a consideration of the questions presented here.

Statement.

Review is sought by the Petition at bar of certain interlocutory orders made by the trial court in an action concerning Petitioners' United States patent No. 2,961,105, covering a REFUSE VEHICLE AND LOADING APPARATUS THEREFOR.

Plaintiff-manufacturer (Respondent here) sought by a declaratory judgment action, to relieve itself of the patentees' (Petitioners here) threats of injunction under the subject patent, if it continued to manufacture certain truck bodies of a design manufactured and sold by it prior to issuance of the patent. In its Complaint, Plaintiff alleged the requisite controversy and further alleged non-infringement and invalidity of the patent.

By their Answer to the declaratory judgment action, the patentees admitted their threats but alleged that there *was* infringement at least threatened, and that the patent *was* valid, wherefore the Complaint should be dismissed.

By way of Counterclaim, patentees reasserted their charges that Plaintiff threatened infringement, praying for an injunction, and an accounting for profits and damages. Although no damages at law were sought, a demand for a jury trial was endorsed on the Answer and Counterclaim.

After Reply to the Counterclaim had been filed, Plaintiff moved to strike the jury trial demand on the grounds that the matters in controversy were entirely equitable, and that Defendants could not compel a jury trial under the Constitution.

After filing of Plaintiff's Motion to Strike but before the hearing thereof, the patentees moved the court for leave to amend their Counterclaim so as to delete therefrom the claims for equitable relief, and to *add* what purported to be an action at law for damages. (See proposed Amended Counterclaim, Appendix hereto, pp. 3-4.) In support of their Motion for Leave To Amend their Counterclaim, patentees represented to the court that since the filing of the original Counterclaim, they had discovered that *there had been, in fact, no infringement by Plaintiff since the patent issued*, and argued that they therefore did not need an injunction or accounting.

Plaintiff's Motion to Strike and the patentees' Motion for Leave to Amend the Counterclaim were heard at the same time. The District Court granted the Motion to Strike the Jury Trial, and denied the Motion for Leave to Amend. In his opinion (see Ap-

pendix hereto, pp. 14-17), the trial judge observed that patent suits do not lend themselves readily to trial by jury for obvious reasons, but stated definitely that if the patentees were entitled to a jury trial under the Constitution, he could not and would not deny their demand. The trial judge also inferred that the only reason for the proposed Amended Counterclaim was to allege a factual situation that did not really exist, in order to state an ostensible action at law and compel a jury trial.

Patentees thereupon petitioned the Court of Appeals for a writ of mandamus, ordering the trial court to reverse both decisions on the motions. The Court of Appeals found no abuse of discretion in either of the District Court's rulings, and denied the petition (see Petitioners' Appendix, p. 1). A request for reconsideration and rehearing was denied.

The present Petition seeks a review of the decision of the Court of Appeals denying mandamus.

ARGUMENT.

It is apparent that Petitioners misconceive the purpose of certiorari jurisdiction in this Court. They apparently regard this Court as a forum to rehear arguments unsuccessfully presented in the courts below. This is not the function of certiorari review.

Magnum Import Co. v. Coty, 262 U. S. 159, 163-164 (1923).

No special or important reasons for review by this Court are shown. None of the usual earmarks of a proper case for certiorari review are apparent in this case.

On the contrary, the record shows that the interlocutory orders of the trial court which are sought to be reviewed here were made and entered after a thorough and careful presentation and consideration of the peculiar facts of this case, that they are clearly in accordance with federal law, and that they are not in conflict with any applicable decision or principle heretofore determined by this Court. Likewise, there is no conflict with any decision of another Court of Appeals on the same matter.

The courts below have not departed from the usual course of judicial proceedings so as to require this Court's supervision. Moreover, even if error be shown, Petitioners have shown no reason why they need or are entitled to the extraordinary remedy of a writ of mandamus in advance of final judgment, let alone the even more extraordinary remedy of a review by this Court of a decision denying such writ.

As was said in *American Construction Co. v. Jacksonville, T. & K. W. Ry.*, 148 U. S. 372, 384 (1893):

"Whether an interlocutory order may be separately reviewed by the appellate court in the progress of the suit, or only after and together with the final decree, is matter of procedure rather than of substantial right; and many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters. Clearly, therefore, this court should not issue a writ of certiorari to review a decree of the circuit court of appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause."

I.

The Trial Court's Rulings Were Clearly Correct.

A. The Motion to Strike.

The Complaint alleged facts showing that Plaintiff, S. Vincen Bowles, Inc., was threatened with an equitable remedy, *i.e.*, an injunction under Defendant Shubins' newly issued patent if Bowles continued to manufacture certain truck bodies. Plaintiff sought to be relieved of that threat by a declaratory judgment that the design of body in question did not infringe the patent, that the patent was invalid, and for those reasons, the Shubins were not entitled to the threatened injunction.

Defendants answered, admitting the alleged controversy but traversing Plaintiff's contentions concerning the patent. Thus, in effect Petitioners contend in their Answer that they were entitled to the purely equitable remedy of an injunction, or at least, would be if Plaintiff resumed manufacture of the trucks.

Despite the fact that it is cast in the form of a declaratory judgment action, clearly the gravamen of

this case is the Defendants-patentees' alleged right under the patent to prevent Plaintiff from manufacturing the subject truck bodies, *i.e.*, Defendants' alleged right to an ***injunction.***

Obviously, whether one claims that an equitable remedy *should* be imposed or claims it *should not* be imposed, the claim itself is equitable in origin. Thus, whatever else it may be in Petitioners' lexicon, it is clear that the action filed by Plaintiff is not a "suit at common law" as referred to in the Seventh Amendment to the Constitution. Nor is it by any possible construction the modern counterpart of a "suit at common law".

If there were any doubt as to the purely equitable nature of this case, such doubt was dispelled by the Counterclaim. Defendants' original Counterclaim seeking *only equitable relief* greatly reinforces the obvious intent and recognition of all parties that this entire controversy falls within equity jurisdiction (see Appendix hereto, pp. 1-2).

Accordingly, under long-established precedent, the trial court was correct in striking the demand for a jury since the case was one entirely within equity jurisdiction and not within the purview of the Seventh Amendment to the Constitution.

> *Barton v. Barbour*, 105 U. S. 126 (1881);
>
> *United States v. Louisiana*, 339 U. S. 699 (1950).

Although *Barton v. Barbour* was not a patent case, the opinion contains a clear statement of the applicability of its rule to patent cases, viz:

> "But those who use this argument lose sight of the fundamental principle that the right of trial

by jury, considered as an absolute right, *does not extend to cases of equity jurisdiction.* If it be conceded or clearly shown that the case belongs to this class, the trial of questions involved in it belongs to the court itself, no matter what may be its importance or complexity.

"Thus, upon a bill filed for an injunction, to restrain the infringement of letters-patent, and for an account of profits for past infringement, it is now the constant practice of courts of equity to try *without a jury issues of fact* relating to the title of the patentee, involving questions of the novelty, utility, prior public use, abandonment, and assignment of the invention patented. The jurisdiction of a court of equity to try such issues according to its own course of practice is too well settled to be shaken. Rubber Company v. Goodyear, 9 Wall. 788; Cawood Patent, 94 U. S. 695; Marsh v. Seymour, 97 Id. 348." 104 U. S. at 133-134. (Emphasis added.)

B. The Motion to Amend.

Obviously recognizing the propriety and merit of Plaintiff's Motion to Strike the Jury Trial as the pleadings then stood[1], Defendants sought to salvage their demand for a jury trial by amending the Counterclaim. Since a Reply to the original Counterclaim had been filed, Defendants could not amend as of right, but only by leave of court (Federal Rules of Civil Procedure 15(a)). Accordingly, Defendants moved the trial court for leave to file an Amended Counterclaim which *inter alia* purported to state for the first time a claim for damages at law (see Appendix hereto, pp. 3-4).

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[1]The trial court so found, see Appendix hereto, pages 15-16.

In their argument and showing in support of the Motion For Leave To Amend, Defendants admitted facts showing that *there had been no infringement of the patent by Plaintiff*. Therefore, there was, at most, a threat to infringe. From all this, it became clear that Defendants' proposed amendment was, in effect, sham and solely for the purpose of attempting to obtain a jury trial of a matter not triable as of right to a jury. The trial court clearly inferred as much in its opinion (Appendix hereto, pp. 14-17), and denied leave to amend.

We submit that this decision was correct and involved no error or abuse of discretion. The Court of Appeals agrees.

II.

This Case Does Not Involve the Circumstances or Conflict With the Decision of This Court in the Beacon Theaters Case, or the Decision of the Court of Appeals, Fifth Circuit, in the Thermo-Stitch Case.

Petitioners have cited (here and in the Court of Appeals) and heavily rely on this Court's opinion in *Beacon Theaters, Inc. v. Westover*, 359 U. S. 500 (1959), alleging that the decisions here complained of are in direct conflict with the decision in that case.

The *Beacon Theaters* case deals with the problems that arise when distinct claims at law on the one hand, and of equitable origin on the other, are tried in *separate trials*, one with, and one without a jury. That situation is not involved here.

In spite of Petitioners' persistent efforts here and in the Court of Appeals to distort the facts and pleadings of this case to fit the pattern of the *Beacon Theaters*

case, and thus create a conflict of decisions, two salient distinguishing facts have not been, and cannot be obscured. In the *Beacon Theaters* case:

(1) The controversy giving the federal court declaratory judgment jurisdiction was the threat of an action by defendants, *at law*, for damages, and

(2) All parties and courts conceded that defendant had a Constitutional right, under the Seventh Amendment, to a jury trial of one of the several claims, *i.e.*, *its* claim (asserted by way of counterclaim) for money damages incurred prior to the action.

The problem in *Beacon Theaters* arose from the fact that, in addition to the foregoing claims on behalf of defendant, the plaintiff's claims were, in part at least, of equitable origin.

But, in the case at bar, there is *no claim at law asserted by either party* as to which Petitioners ever had a Constitutional right to a jury. Nor is there, under the facts as conceded by Petitioners, even a potential (*i.e.*, unpleaded) claim cognizable at law.

In the *Beacon Theaters* case, plaintiff was threatened with an action for *money damages* for its past acts and sought to remove the threat by a declaratory judgment action. Thus, the jurisdictional controversy there involved *inter alia* at least one claim clearly cognizable at law.

Here, however, the jurisdictional controversy involves *only* an equitable claim (*i.e.*, Defendants' claim to the

right to enjoin Plaintiff). Such claim is *not* cognizable at law and thus is outside the purview of the Seventh Amendment.

The trial court error which this Court found in the *Beacon Theaters* case was in *deferring* the trial of the claim cognizable at law until after a non-jury trial of claims of equitable origin where some fact issues common to both claims would be decided, and might effect a collateral estoppel as to the subsequent jury trial.

Such a situation cannot arise here. The *only* claims to be adjudicated here are of equitable origin. Thus, there is no occasion to order separate trials of the claims now presented. They can and should all be tried to the court *without* a jury.

This is what the trial court ordered. The Court of Appeals affirmed, in spite of the fact that the *Beacon Theaters* decision was urged, thoroughly briefed and argued by Petitioners as requiring reversal of the trial court's interlocutory orders.

Petitioners also contend here that the decision of the Court of Appeals, Ninth Circuit, in this case, conflicts with that of the Court of Appeals, Fifth Circuit, in *Thermo-Stitch, Inc., v. Chemicord Processing Corp.*, 294 F. 2d 486 (5th Cir. 1961).

The *Thermo-Stitch* case follows the law of the *Beacon Theaters* decision, involved almost identical facts to those of the *Beacon* case, and is thus distinguishable from the case at bar for all of the reasons stated above *re Beacon Theaters.*

III.

The Fact Issues of Patent Validity and Infringement Are Not Ipso Facto Issues Giving Rise to a Constitutional Right to a Jury Trial.

Obviously Petitioners realize that they must try to show, by analogy at least, that some issue between the parties here amounts to a "suit at common law". To do this, Petitioners resort to a sort of circular or regenerative reasoning in which they first observe that patent validity and infringement involve questions of fact which are "*suitable* for trial by jury", from which premise they leap headlong to the conclusion that such questions are "legal" issues (as opposed to equitable ones), and *must* be tried to a jury.

In over four pages of the present Petition (pages 13 through 17), Petitioners present argument and citations in which they first define "jury issues" as those "*suitable* for trial by jury", and then characterize the issues of patent validity and infringement as such "jury issues". Petitioners' argument completely misses the mark. Certainly, it does not require four pages of citations and argument to present the simple proposition that the questions of fact involved in patent cases are "suitable" for trial by jury. No one has ever denied that. But the distinction between questions of fact and questions of law is completely irrelevant to the present Petition. Questions of fact need not *always* be tried to a jury, even though one party may desire and demand it.

The *facts* involved in validity and infringement will be found by the court in a non-jury trial of equity matters, and, as the trial court here observed, are more "suitable" for trial to the court *without a jury* than

with one. This is shown, of course, by the fact that an overwhelming majority of patent infringement cases are tried to the court alone.

In short, Petitioners' apparent argument that because patent cases involve questions of fact, they can compel a jury trial, is completely fallacious. A simple *argumentum ad absurdum* will illustrate the fallacy of Petitioners' reasoning. If, as Petitioners argue, the questions involving patent validity and infringement *must* under the Constitution be tried to a jury because these are questions of fact and a jury was demanded, then it must follow by a parity of logic that *any* case which involves questions of fact must, upon demand, be tried to a jury. If this were the law, all cases whether in law or equity would be triable as of right to a jury and the words "In Suits at common law" would have been written out of the Seventh Amendment.

The unreality of this conclusion requires no further comment.

IV.

There Is No Showing by Petitioners That They Need or Are Entitled to the Extraordinary Remedy of Mandamus.

Assuming, *arguendo*, that the trial court erred in striking the jury demand, Petitioners would have had a clear remedy by way of appeal from a final judgment against them in the trial court. Instead, they sought remedy by way of a writ of mandamus which, in the circumstances of this case, amounted to a premature appeal.

We recognize, of course, that mandamus may be required where trial court error is such an abuse of

judicial power that remedy by appeal may be lost or impaired. This, we believe, was the situation in the *Beacon Theaters* case where the *admitted* right to a jury trial was not denied but merely deferred to follow a court trial. Thus, the defendant in the *Beacon Theaters* case could not say clearly that it had been literally denied a jury trial, and due to estoppels raised in the separate court trial, might never have had a clear basis for appeal. In such circumstances, mandamus functions to protect the appellate jurisdiction of the higher courts, not as a substitute for appeal.

28 U. S. C. § 1651(a);

Roche v. Evaporated Milk Assn., 319 U. S. 21, 25-26 (1943).

If Petitioners here have been improperly denied a jury trial, their remedy by appeal has not been impaired and there is no occasion for mandamus. Thus, the Court of Appeals would have been correct in denying the writ even if it had thought the trial court to be in error on the law.

Roche v. Evaporated Milk Assn., 319 U. S. 21, 25-26 (1943).

V.

The Question Presented Here Is Not Appropriate for Review by Writ of Certiorari.

The vacillatory positions taken by Defendants at various stages of this litigation to date make it virtually impossible at this point to isolate any broad or fundamental principles that can or should be enunciated by this Court and that would be helpful in any other case.

To cite one example of Petitioners' self-contradictory position, it is noted that in arguing in support of the

proposed Amended Counterclaim, Petitioners represented to the Court that "Plaintiff is not infringing and has not since the patent issued", and that "there has been no infringement since the patent issued" (Petitioners' Appendix before the Court of Appeals, p. 42). But, at that very moment, in complete contradiction of the foregoing representations, Petitioners, were urging the trial court to permit them to file an Amended Counterclaim which would, for the first time, claim $5,000 damages for patent infringement (Appendix hereto, pp. 3-4)—infringement which by Petitioners' own admissions *never took place!*

The above contradiction will no doubt be resolved or rendered moot by a trial of this action. But until that happens, an enunciation of principles by this Court will require either that this Court resolve questions of fact or decide the case on hypothetical facts. It is well established that this Court does not exercise certiorari jurisdiction for either of those purposes.

Conclusions.

1. The facts shown in support of the present Petition indicate that at no time has either party presented a claim corresponding or even analogous to "Suits at common law" as declared in the Seventh Amendment. Therefore, the trial court was correct in ordering that the jury demand be stricken.

2. Even assuming, *arguendo*, that error was made by the trial court, appeal, not mandamus, would be the

proper remedy. This case is not ripe for consideration by the Court under certiorari review.

3. Due to the complex, narrow and confused nature of the facts in this case, no useful purpose would be served by review by this Court at this stage.

Respectfully submitted,

ROBERT W. FULWIDER,
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APPENDIX.

A. Counterclaim for Patent Infringement.

[Title of District Court and Cause, Preamble, and Answer omitted—see Appendix to Petition, p. 12.]

COUNTERCLAIM

As their counterclaim the defendants allege as follows:

I (Jurisdiction)

This action arises under the Patent Laws of the United States, and the acts of infringement complained of have been and are being carried on and committed by the plaintif-counterdefendant in the Southern District of California, Central Division, and elsewhere in the United States. Jurisdiction is based upon Title 28 U. S. C. 1338, and additionally is pendant.

II (Parties)

Plaintiff-counterdefendant is a California corporation having its principal place of business in the Southern District of California, Central Division; and both defendants-counterclaimants are residents within the Southern District of California, Central Division.

III (Title to Patent)

On November 22, 1960, the patent in suit issued to defendant John M. Shubin, as inventor, with fifty per cent interest assigned to defendant Peter S. Shubin.

IV

Plaintiff-counterdefendant during the past six years, within the Southern District of California, Central Division, and elsewhere in the United States, has willfully and knowingly infringed and threatens to continue to infringe said United States Letters Patent 2,961,105 unless enjoined from so doing.

V

Plaintiff-counterdefendant, by the acts herein complained of, has damaged defendants-counterclaimants and said acts will bring profit to plaintiff-counterdefendant and irreparable injury to defendants-counterclaimants unless said infringement is enjoined.

Wherefore, defendants and counterclaimants pray as follows:

[Prayer as to Complaint omitted—see Appendix to Petition, p. 12.]

As to the Counterclaim for Patent Infringement

1. For a judgment holding said patent 2,961,105 to be valid and infringed.

2. For a preliminary and permanent injunction against further infringement and threatened infringement by counterdefendant.

3. For an accounting for profits and damages because of counterdefendant's infringement of said patent.

4. For treble damages for all infringement occurring after notice of infringement.

5. For their costs and reasonable attorney's fees.

6. For such other and further relief as to this Court shall seem just and proper.

Dated this 20th day of February, 1961.

Wm. Douglas Sellers, /s/
W. D. Sellers,
Attorney for Defendants
and Counterclaimants
16 North Marengo Avenue
Pasadena, California

B. Proposed Amended Counterclaim for Patent Infringement.

[Title of District Court and Cause, Preamble, and Answer omitted—see Appendix to Petition, p. 13.]

COUNTERCLAIM

As their counterclaim the defendants allege as follows:

I (Jurisdiction)

This action arises under the Patent Laws of the United States, and the acts of infringement complained of have been and are being carried on and committed by the plaintiff-counterdefendant in the Southern District of California, Central Division, and elsewhere in the United States. Jurisdiction is based upon Title 28 U. S. C. 1338, and additionally is pendant.

II (Parties)

Plaintiff-counterdefendant is a California corporation having its principal place of business in the Southern District of California, Central Division; and both defendants-counterclaimant are residents within the Southern District of California, Central Division.

III (Title to Patent)

On November 22, 1960, the patent in suit issued to defendant John M. Shubin, as inventor, with fifty per cent interest assigned to defendant Peter S. Shubin.

IV

Plaintiff-counterdefendant during the past six years, within the Southern District of California, Central Division, and elsewhere in the United States, has made constructions the use of which infringe and now threatens to infringe said United States Letters Patent 2,961,105.

V

Plaintiff-counterdefendant, by the acts herein complained of, has damaged defendants-counterclaimants in the amount of $5,000.00.

WHEREFORE, defendants and counterclaimants pray as follows:

[Prayer as to Complaint omitted—see Appendix to Petition, p. 13.]

AS TO THE COUNTERCLAIM FOR PATENT INFRINGEMENT

1. For a judgment holding said patent 2,961,105 to be valid and infringed.

2. For damages in the amount of $5,000.00.

3. For treble damages for all infringement occurring after notice of infringement.

4. For their costs and reasonable attorney's fees.

5. For such other and further relief as to this Court shall seem just and proper.

Dated this 6th day of September, 1961.

Wm. Douglas Sellers, /s/
W. D. Sellers,
Attorney for Defendants and Counterclaimants
16 North Marengo Avenue
Pasadena, California.

C. Transcript of Proceedings in the District Court.

[Title of District Court and Cause.]

Los Angeles, California, September 18, 1961, 9:45 o'clock A.M.

(Other court matters.)

The Clerk: No. 136-61 WB Civil, S. Vincen Bowles, Inc., vs. John M. Shubin, et al., for hearing (1) motion of plaintiff to strike defendants' demand for jury trial or for trial of separate issues, (2) motion of defendants for leave to file amended counterclaim.

Mr. Rieber: Ready for plaintiff.

Mr. Sellers: Ready for the defendants.

I would suggest, your Honor, it might be well to hear the motion to amend the counterclaim first, in view of the fact that plaintiff's motion would depend upon the decision there.

The Court: I think we will hear them both. As a matter of fact, as I understand it, the motion to amend the counterclaim sprung from the other motion.

Mr. Sellers: Your Honor—

The Court: It was made by reason of the fact that the original motion to strike the demand for a jury trial was made.

Mr. Sellers: That is true to the extent that it followed. Attention was called to the need by the fact of the motion. But the depositions had developed the facts upon which the proposed amendment is based.

The Court: At any rate, you can argue them both. They dovetail in together.

The Clerk: For the record, may we have the names of counsel?

Mr. Rieber: William Rieber for the plaintiff.

Mr. Sellers: W. D. Sellers for the defendant.

Mr. Rieber: Your Honor, I would like very briefly to recap the facts of this case so that you can get the setting fresh in your mind. The Shubin patent, which is the patent in suit, issued last November, on November 22, 1960, and a few days later Bowles—that is, Bowles Manufacturing, the plaintiff in this action, received a letter from counsel for Shubin charging infringement and demanded that Bowles cease and desist from making, using and selling the devices.

The parties were unable to resolve that controversy, and Bowles then brought this action seeking an adjudication of non-infringement and that the patent was invalid. The Complaint was filed on February 8th of this year. The defendants filed their Answer about February 20th, and the counterclaim, which sought only equitable relief. That is, only an injunction and an accounting, and damages incidental to the accounting.

The defendants demanded a jury trial at that stage. This demand was endorsed on the Answer and counterclaim.

The plaintiff replied to the counterclaim on March 7th, and thus the issues were joined as they then existed on that date.

After all the discovery was completed and the case was ready for pretrial, and after an unsuccessful effort on the part of the plaintiff for a summary judgment, we brought this motion to strike the jury trial, and our grounds are that only equitable issues are presented in this case, and it is well established, and we cited numerous authorities to the effect, that neither party is entitled to a jury trial where the issues are

equitable, that is, issues which a party would not have been entitled to have a jury on at the time of the constitution.

Apparently from their motion to amend, the defendants concede the force of our motion and concede that the motion should be granted as the issues stand on the original Answer and counterclaim and the reply thereto. Not only did they fail to contest the motion very vigorously, as far as any authorities are concerned, but they sought this amendment seeking, apparently, to add legal issues to the equitable issues and thus convert this case from a case sounding in equity to one sounding in law, and thus salvage their demand for a jury trial.

Thus at this stage there are two issues presented. One is, are the defendants entitled to amend their counterclaim at this late date; and, secondly, if they are, is that going to help them any? In other words, does that convert this case from a case that should be tried to the court to one that should be tried to a jury?

We say that the answer to both of those questions is "No."

First, as to the right to amend. We feel since the court has broad discretion to grant or deny a motion to amend the pleadings, and since the pleadings, as will be stated in a moment, are less effective and less clear in the proposed amended form than they were as originally filed, we feel that this motion should be denied, the motion to amend, and we feel, further, that to amend the pleadings at this late date when the case is ready for pretrial, the discovery has been completed on both sides, merely to put this case in condition for we believe the unwarranted and extremely expensive and

time-consuming maneuver of a jury trial, would be very much against the interests of justice, and therefore the amendment should not be allowed.

As to the defects in the amended pleading, it is necessary to note that in support of their motion to amend the pleadings, the defendants have argued that they have now discovered that there has been no infringement since the patent issued.

Of course, that means there has been no infringement, because you can't infringe a patent until it issues.

Now, if that is the case, then actually there is no possible way that they can state a claim for damages for infringement, because it would appear to be axiomatic that before you can collect damages for infringement you have to have some infringement. And when you read paragraph 4 of the proposed counterclaim you find a very strange attempted circumlocution. They try to eliminate the equitable claim and still state a claim. And I say they haven't succeeded. Instead of coming out man to man and saying that the plaintiff has infringed the patent, they use this language:

> "Plaintiff-counterdefendant during the past six years"—we must remember that the patent issued less than a year ago—"within the last six years in the Southern District of California, Central Division, and elsewhere in the United States, has made constructions the use of which infringe and now threatens to infringe said United States letters patent," and so-and-so, the patent in suit.

This doesn't charge the plaintiff with infringement. All it does is to say that some time within the last six years plaintiff has made some constructions the use of which infringe the patent.

That's what they charge.

Well, it isn't stated that that use is by the plaintiff. It doesn't state that the plaintiff made those since the patent issued. And it doesn't state that the plaintiff has sold them since the patent issued. And, thus, it doesn't positively state infringement.

Now, in the liberal pleading in the federal court, that might get by if they hadn't made a much clearer and much plainer statement of infringement in their original counterclaim. In that case they merely said plaintiff has infringed the defendants' patent.

I think they should either say that or have no counterclaim at all.

Certainly, if they have eliminated the grounds for an injunction and an accounting, they have eliminated any claim upon which they can be awarded damages.

For that reason, I think since the amended counterclaim would be subject to a motion to strike or a motion for a judgment on the pleadings, or a similar judgment, that it is a useless act for the court to permit the amendment adding such a defective pleading.

The only thing that this amended pleading charges, if it charges anything, is that there is a threat of infringement.

Of course, the only remedy for that is an injunction. And they don't want to ask for an injunction, because then they are out of the jury trial department.

So I think, your Honor, the matter can be very easily resolved by merely denying the motion to amend the pleadings and granting the motion to strike the jury trial.

Mr. Sellers: May it please the court, the original complaint was for declaratory relief, your Honor, and

raised only jury questions, validity and infringement. And in our Answer we denied both of those and asked for a jury trial. Primarily to prevent the dismissal of the action we filed a counterclaim, which alleged infringement, which sought both an injunction and an accounting. In the taking of the depositions it was learned that the plaintiff was not infringing, had discontinued infringing, in the sense of making; was not making any more devices and wasn't selling them. That left any need for an accounting completely gone. We didn't need to account. There was nothing to account for, since the patent issued he had discontinued infringing, and therefore we did not need an injunction. That meant that the only issues present, really, were those raised initially by the original complaint and the answer, and as to all of those issues there was a demand for a jury filed at the time the Answer was filed.

When, according to the law, you make a demand for a jury trial and you don't specify what you wish to have tried by the jury and those by the court, those which are proper for the jury are tried by the jury, and those which are proper for the court are tried by the court.

I of course don't need to tell the court that.

In this case when we found as was suggested by the motion—and we should have noticed it ourselves—we really had a situation where we were asking for relief for which there was no possible use, the accounting and injunction, we thereupon moved to file an amended pleading. And there is plenty of law to the effect that we have the right to file the amended pleading at your Honor's discretion, and striking equitable issues, which we have done here. All those issues which were

or should have been tried by the court have been stricken in the amended pleading. We ask now only for the very same issues which were present in the original Complaint and the Answer, as to which there has at all times been a request for a jury filed with the 10-day period permitted by the law.

I know there is a general feeling that jury trials for patent infringement is not the best way to handle it, and that has been recognized by the courts. Judge Frank, for example, hit upon that in one of his cases when he said, "It is of no moment if we believe that trial by jury in a patent case is usually undesirable, since it is well settled that such a trial may be demanded where the sole claim is for money, if the demand be timely, as we hold it was here."

In this case the demand was timely. There has at all times been a demand for a jury trial by the issues raised by the Complaint and the Answer. All we have done now or propose to do is to cancel and strike a new counterclaim, which eliminates all issues which are not clearly jury issues. The plaintiff in this action referred to the case of Pneumatic Tools—Chicago Pneumatic Tools vs. Hughes. They said that case is almost in point.

It is a long way from being in point, in my opinion. In that case a counterclaim was filed as to one patent after it expired, and the jury trial was asked for in respect to that one patent. There were four others also set forth in the counterclaim, and had the court gone along and given the requested jury trial with respect to that one patent, they would have had the situation where five patents were before the court, four of them for the court and one for the jury, and the court in

that case viewed it as an undesirable situation and did not grant the jury trial except as to damages.

A case in point was Pellant vs. Sinatra, a 1945 case in the United States District Court, Southern District of New York, 8 Federal Rules Service 15a.11:

> "A plaintiff has a right to amend his pleadings so as to eliminate demands for equitable relief and state a cause of action triable by jury, even though the court has previously held that he has no right to jury trial because of the fact that the complaint is primarily one for equitable relief. Where plaintiff had so amended his complaint as of course against certain defendants, although he could not amend as of course against others, the court allowed him to amend as against all defendants, and stated that it would entertain a motion for an order for jury trial under Rule 39b, since it would be preferable to have the entire case tried to a jury rather than have part of it tried to a jury and the rest by the court."

That was not the decision; that was the headnote. I am sorry.

In that case it permitted the amendment of the pleading and gave a jury trial.

In the case referred to by my opponent, the Chicago Pneumatic Tool case, there were two cases, and directly in point almost, which he failed to refer to. That case was tried in two different circuits, in the Second and in the First. And in that case, the Second Circuit case, the plaintiff had demanded a jury trial which was timely, because it was filed within 10 days after the amendment to the pleading which abandoned all claims for equitable relief and asked for damages only.

and though more than 10 days had elapsed from the service of the last pleading directed to issues as made by the original complaint and the amended answer. In other words, in that case there was not even a demand for a jury in the initial pleadings or within 10 days from the issue, yet in that case a jury trial was granted.

That was the case by Judge Frank.

The same thing in the Sixth Circuit.

Here, your Honor, we believe that we are entitled to a jury trial, and one has been demanded within the time period provided by the rules. We have by our proposed amendment to our counterclaim only eliminated the request for unnecessary and undesirable relief, which we can't use if your Honor ruled it. There has been no making or selling since the patent issued.

My worthy opponent is wrong on the matter of infringement. The patent covers the right to make, use and sell. He has forgotten "use." As to whether or not the plaintiff here has used, that is a matter for proof.

The mere fact that it is not clean or clear on the pleading as to who used it, that is no defense and that is no reason for a motion to strike. He can obtain that information by interrogatories or discovery.

I believe we are entitled to amend our pleading. I believe when so amended we have a clear right to a trial by jury, and I request that your Honor so rule.

Thank you.

Mr. Rieber: May I cover just a couple of points?

The Court: Yes.

Mr. Rieber: I think most important is the error in the statement that validity and infringement are ipso facto jury issues.

If this were the case, your Honor, every defendant in a patent case would be entitled to a jury trial no matter what the plaintiff asked for.

If he asked for an injunction, the defendant could say, "Well, validity and infringement are jury issues, and therefore I want a jury trial as to those."

We know that is not the case. It is the relief that is sought and not the issues. It is the basic claim for relief that determines whether a case is equitable or one on the law side of the court.

Secondly, in the Pellant case I would like to point out that the amendment to the pleadings in that case was made as of right, because all of the opposing parties had not answered, and therefore the plaintiff had a right to amend its pleading. It did not have to seek leave of court, as in this case.

Finally, I would like to point out that I agree that use has been mentioned in the proposed counterclaim, use of the patented device. But I think that in all of the circumstances of this case, if we are charged with use of it as the basis for the damages, then that statement should be made clearly; and since it is not, I think the court can exercise its discretion to deny the motion to amend. And having done that, it follows, I think, as a matter of course, that the motion to strike the jury demand should be granted.

The Court: Well, of course Mr. Sellers has stated a jury trial—he admits a jury trial in a patent case is ordinarily undesirable, and that the courts all look upon it as undesirable. And why? Because, of course, a jury trial in a patent case—and seldom is there ever a jury trial asked for in a patent case, because counsel on both sides, thinking of the interests of the litigants, of their clients, realize the great expense involved by

having the matter tried by a jury. And in addition to that, the confusion. It just naturally is not a matter to be tried by 12 persons.

But technically, if you have a right to a jury trial, then it should be granted.

I recall not long ago I was at lunch with half a dozen judges in this court and something came up about jury trials, and they all spoke up. Not one of them—some of them had been on this court for years—had ever tried a patent case to a jury. Because of course the parties didn't want it. And of course all were in agreement that ordinarily when a jury trial is demanded in a patent case, the purpose of course is for obstruction, to obstruct the progress, the preparation of the case for trial, and keep the case from ever getting to trial.

As indicated a few moments ago, as Judge Frank said, while it is undesirable, technically if you are entitled to it, it should be granted.

Of course, if a judge is in a position where he is exercising his discretion, the background of it should be taken into consideration, the question as to whether or not it is desirable or it isn't desirable to have a jury trial in a patent case.

In this case, of course, the defendant goes so far to get this jury trial angle into the case that after they file their counterclaim, which was a natural counterclaim, just the type of counterclaim you would expect to find in an action filed for declaratory relief, it is just exactly the type of counterclaim to be expected, but when the motion was made to strike and it became obvious that it was proper, a proper motion, and the motion to strike should be granted, then of course the

defendant seeks to amend his counterclaim to avoid the motion to strike. That is why I said a few moments ago we will hear them together. It sprung from that.

If there would have been no motion to strike, there would never have been a motion to amend the counterclaim. I am sure that you will not deny that, Mr. Sellers. If there had been no motion to strike, there wouldn't have been a motion to amend the counterclaim, because the counterclaim itself was just a natural thing. Any patent lawyer in the community here who would be filing a counterclaim would be filing just exactly what you filed.

This is aside entirely—just taking the pleadings—aside entirely from what Mr. Rieber said, that you had written them a letter telling them that they were infringing. Of course, even without telling me that, I would have, perhaps, guessed that, have known that, because that, too, is a natural thing in a patent case, that is the first thing that is done. The client thinks his client is being infringed, so you write a letter and notify them. And that, of course, is the only thing that brings an action for declaratory judgment. Instead of waiting for you to file an action for infringement, they file an action for declaratory judgment, and then you do the thing you would have done if you would have filed an action for infringement originally; you want the question of the validity of the patent adjudicated, you want to stop their infringement and you want to enjoin them. And that's what you did. You suddenly found that he was making a motion to strike the demand for a jury trial, and then to get away from it you seek to amend the counterclaim so that the counterclaim now that you seek to file, in place of the one now on file which means something, the one now on

file which seeks relief for infringement and injunction, if you are right and they have been infringing, if you were right when you first wrote to them and told them they were infringing, then if your patent is valid and they are infringing, you have a right to recover for the infringement and you have a right to injunctive relief.

But this isn't apparently the prime thing that the defendant is seeking. He would rather drop that and ask for a jury trial for whatever that might do to the case. Whatever Judge Frank had in mind and all the other judges and the courts and attorneys themselves have in mind when a jury trial is requested in a patent case.

The motion to strike the demand for a jury trial is granted, and the motion for leave to file an amended counterclaim will be denied.

Mr. Sellers: Thank you, your Honor.

Mr. Rieber: Your Honor, I will prepare an order. Shall I?

The Court: Yes.

Mr. Rieber: Thank you.

[Reporter's Certificate.]